

Message Text

LIMITED OFFICIAL USE

PAGE 01 QUEBEC 00178 311332Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11
TRSE-00 OMB-01 EB-08 /075 W
-----021494 311334Z /43

P 261330Z MAY 78
FM AMCONSUL QUEBEC
TO SECSTATE WASHDC PRIORITY 1353
INFO AMEMBASSY OTTAWA PRIORITY
AMCONSUL MONTREAL PRIORITY

LIMITED OFFICIAL USE QUEBEC 0178

EO 11652: NA
TAGS: PINT, CA
SUBJ: CLAUDE RYAN OFFERS COMPROMISE SOLUTION TO SALES TAX
DISPUTE

REF: QUEBEC 0175

1. PROVINCIAL LIBERAL LEADER CLAUDE RYAN MOVED TO UNDERLINE HIS PARTY'S INDEPENDENCE FROM OTTAWA YESTERDAY (MAY 24) WHEN HE PROPOSED HIS OWN COMPROMISE SOLUTIONS TO THE SALES TAX CONTROVERSY. SPEAKING TO REPORTERS AT THE LIBERAL PARTY'S HEADQUARTERS IN QUEBEC CITY, RYAN SHARPLY CRITICIZED FINANCE MINISTER JEAN CHREITEN FOR FAILING TO OBTAIN QUEBEC'S AGREEMENT TO OTTAWA'S ORIGINAL SALES TAX PROPOSAL BEFORE ANNOUNCING HIS BUDGET. RYAN AGAIN EMPHASIZED, AS HE HAD DONE EARLIER IN THE WEEK (REFTTEL), THAT THE SOLUTION TO THE DISPUTE LAY IN AN AGREEMENT BETWEEN THE TWO GOVERNMENTS. HE ATTACKED CHRETIEN'S PROPOSAL FOR DIRECT PAYMENTS TO QUEBEC TAXPAYERS AS "INCOMPATIBLE WITH THE FEDERAL SPIRIT, ADMINISTRATIVELY COSTLY AND CLUMSY, AND SOCIALLY UNJUST." IF THE FEDERAL GOVERNMENT WERE TO RESORT TO SUCH TACTICS EVERY TIME IT WAS UNABLE TO OBTAIN A PROVINCE' AGREEMENT TO A FEDERAL PROPOSAL, RYAN SAID, THE PROVINCES WOULD BE UNDER THE PERPETUAL

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 QUEBEC 00178 311332Z

THREAT OF BLACKMAIL.

2. RYAN'S OWN PROPOSALS WERE TWOFOLD, BOTH INVOLVING A FISCAL ADJUSTMENT RATHER THAN A DIRECT (AND HUMILIATING FOR OTTAWA) PAYMENT FROM OTTAWA TO THE QUEBEC GOVERNMENT OF THE DOLS 225 MILLION AT ISSUE. ONE SOLUTION WOULD BE FOR OTTAWA TO COLLECT A SPECIAL INCOME TAX AND TRANSFER THE FUNDS RECEIVED TO QUEBEC.

THE SECOND, LESS COMPLICATED METHOD ACCORDING TO RYAN, WOULD INVOLVE A ONE-SHOT FEDERAL TAX CUT WHICH WOULD ALLOW THE QUEBEC GOVERNMENT TO COLLECT THE SUM THROUGH ITS OWN PROVINCIAL TAX. BOTH ARRANGEMENTS WOULD RESPECT THE PRINCIPLE OF A PROVINCE'S "INVIOABLE SOVEREIGNTY IN ITS OWN AREA OF COMPETENCE."

3. COMMENT: THE MAIN REASON FOR RYAN'S SHARP CRITICISM OF THE FEDERAL SALES TAX PROPOSAL WAS TO UNDERSCORE THE FACT THAT HE AND HIS PARTY WERE NEITHER TOOLS OF OTTAWA NOR A BRANCH OF THE FEDERAL LIBERAL PARTY. THE OCCASION ALSO GAVE RYAN A SPLENDID OPPORTUNITY TO POSE AS THE STATESMAN AND ADVOCATE OF THE PEOPLE'S INTEREST STANDING BETWEEN TWO SQUABBLING, VENAL ANTAGONISTS.
MCNAMARA

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DISPUTES, AGREEMENTS, SALES TAXES
Control Number: n/a
Copy: SINGLE
Draft Date: 26 may 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978QUEBEC00178
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780227-0316
Format: TEL
From: QUEBEC
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780514/aaaaalhg.tel
Line Count: 76
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: c9d3b695-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 QUEBEC 175
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2549195
Secure: OPEN
Status: NATIVE
Subject: CLAUDE RYAN OFFERS COMPROMISE SOLUTION TO SALES TAX DISPUTE
TAGS: PINT, CA, (RYAN, CLAUDE)
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/c9d3b695-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014